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NEW REPORT DETAILS HOW TO CREATE A PUBLIC HEALTH INSURANCE OPTION AS PART OF NATION'S HEALTH REFORMS

Health Care Expert Jacob Hacker First to Detail How to Structure "Healthy Competition" Between Public Health Insurance Plan and Private Plans

WASHINGTON – With Congress preparing a sweeping overhaul to the nation's health care system, **Jacob Hacker** was the first today to outline details on how the nation can structure and implement a public health insurance option as part of the overall reforms.

Hacker, who is the faculty co-director of the Berkeley Center on Health, Economic and Family Security at the UC Berkeley School of Law, joined Institute for America's Future co-director **Roger Hickey** at a news conference today to release a new report called "**Healthy Competition.**" The report, co-sponsored by the Institute and Berkeley CHEFS, provides a comprehensive roadmap to create a public health insurance plan within the nation's health care system.

The plan gives people without workplace coverage access to an "exchange" with private and public plan options. The public plan mirrors Medicare's administrative infrastructure, but would be run separately from Medicare. The plan has its own risk pool and offers the same benefits and coverage terms nationwide.

At today's news conference, Hacker said that offering a public health care plan option is the only feasible way to design a sustainable health care system and ensure everyone has access to the care they need.

"Without public plan choice, private health insurers will still be able to game the system to maximize their profits while failing to provide health security over the long run," said Hacker. "Providing a public health insurance option that competes fairly with private plans is critical to ensuring access, controlling costs and improving the quality of care for all Americans."

Hickey said the new report details how a public insurance plan would work, who is eligible, and how it would function alongside Medicare and private plans.

"Many studies have shown that a well-structured public insurance option will save the nation trillions of dollars over a decade," said Hickey. "This report kicks off the debate about how a well-structured public insurance plan would work."

Hacker's report argues for a public health insurance plan with bargaining authority. It lays out safeguards to ensure its bargaining power is used correctly. These include an efficiency-based payment system (an improved version of Medicare's), an expanded Medicare Payment Advisory

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Commission, a stakeholder advisory group that includes providers and automatic triggers for case reviews.

The report outlines the “three Rs” of fair competition between public and private plans to eliminate any risk of a competitive disadvantage for private companies:

--Rules must be the same for both public and private plans;

--Risk adjustment must kick in to protect plans that enroll a less healthy group of people; and

--Regional pricing must be consistent to allow public and private plans to compete within regions on the same terms.

These “three Rs” will also lead to lower costs and higher quality health care in America.

Hacker and Hickey both stressed that a public plan choice is feasible, necessary, and desired by most Americans. It’s essential to any successful reform package. Without it, Americans without employer coverage will die from treatable diseases because they can’t get good health care coverage, private insurers will lack an effective check on their actions and any chance to place our crumbling framework of health financing on a secure foundation will be lost.

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*****NOTE: To obtain the full report, “Healthy Competition,” please visit www.ourfuture.org/healthcare/hacker or www.law.berkeley.edu/chefs.htm.*****